

Message Text

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12

ACTION XMB-07

INFO OCT-01 EA-11 ADP-00 AID-20 CIAE-00 COME-00 EB-11

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 OPIC-12 CIEP-02

OMB-01 SSO-00 CCO-00 INRE-00 RSR-01 /079 W

----- 062059

O R 300810 Z MAR 73

FM AMCONSUL SYDNEY

TO SECSTATE WASHDC IMMEDIATE 4309

INFO AMEMBASSY CANBERRA

AMCONSUL BRISBANE

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STATE PASS EXIMBANK BOSTWICK FROM FRANK WILSON

E. O. 11652: N/ A

TAGS: ETRD, AS

SUBJ: EXIMBANK FINANCING FOR SARAJI COAL MINE

REF : A. STATE 56571; B. SYDNEY 0654 (NOTAL)

1. AS INSTRUCTED BY REF A THROUGH AMEMBASSY CANBERRA, BRISBANE INFORMED UTAH CONCERNING APPROVAL BY EXIMBANK OF 6.5 MILLION CREDIT, APPROVAL, AND FACT THAT PENDING EXIM ANNOUNCEMENT THIS FOR UTAH'S INFORMATION ONLY.

2. FOLLOWING THIS FRANK WILSON RECEIVED URGENT INQUIRY FROM EABRY DIRECTOR UTAH, AS TO WHETHER RESERVE BANK RESTRICTION CITED REF B PARA 3 STILL APPLIED.

3. MEETING HELD MARCH 30 AT RESERVE BANK SYDNEY BETWEEN JACK WRIGHT, ASST. TO GOVERNOR RESERVE BANK, LIN K. WILSON, MANAGER EXCHANGE CONTROL RESERVE BANK AND COMMERCIAL COUNSELOR FRANK WILSON.

4. HAVE SUCCEEDED IN SECURING RESERVE BANK CONCURRENCE TO BROADEN DEFINITION OF EXIMBANK
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TRANSACTIONS EXEMPT FROM TWO- YEAR LIMITATION AND 25 PERCENT DEPOSIT REQUIREMENT TO COVER NOT ONLY RESIDUAL FINANCING COVERED BY BANKS BUT ALSO, AS IN PRESENT CASE, LOAN OR ADVANCE FROM PARENT COMPANY, PROVIDED TRANSACTION MEETS USUAL TEST OF SUPPLY ON " CUSTOMARY" TRADE TERMS. HAVE FURTHER SECURED ACCEPTANCE OF INTERPRETATION OF " CUSTOMARY" TO BE AS VIEWED IN TERMS OF WORLD EXPERIENCED BY EXIM AND NOT AUSTRALIAN EXPERIENCE.

5. HOWEVER, RESERVE BANK AFFIRMS ITS NEED FOR ASSURANCE THAT PURCHASE OF THESE DRAGLINES AND OTHER EQUIPMENT ARE INDEED, IN EXIMBANK' S VIEW, BEING SUPPLIED TO SARAJI ON TRADE TERMS OF CUSTOMARY LENGTH. (POINTED OUT TO RESERVE BANK THAT REDUCTION IN TIME OF LOAN AS APPROVED TO SIX YEARS FROM PRELIMINARY COMMITMENTS EIGHT YEARS WAS RELEVANT FACT; NEVERTHELESS THEY REQUEST AFFIRMATION NOTED).

6. ACTION REQUESTED:

PLEASE SEND BRIEF CABLE TO AMCONSUL SYDNEY, INFO CANBERRA, WITH INSTRUCTIONS TO PASS TO RESERVE BANK MESSAGE OF FOLLOWING OR SIMILAR TENOR: QTE WITH RESPECT TO PENDING UTAH/ SARAJI LOAN FOR PURCHASE OF DRAGLINES AND OTHER INDUSTRIAL EQUIPMENT OF U. S. MANUFACTURE, PLEASE ASSURE RESERVE BANK OF AUSTRALIA THAT EXIMBANK, ON REVIEW, FINDS THAT THE TERMS APPROVED OF SIX YEARS DO NOT REPEAT NOT EXCEED THE TIME CUSTOMARY IN THE TRADE FOR THE TYPE OF EQUIPMENT STATED UNQUOTE.

7. REQUEST REPLY BY MONDAY APRIL SECOND. FYI RESERVE BANK IS MOST ANXIOUS AVOID CONTINGENCY OF ANNOUNCEMENT BY EXIM OR PUBLIC KNOWLEDGE OF TRANSACTION BEFORE RESERVE BANK HAS RECEIVED ABOVE ASSURANCE, THUS FORESTALLING POSSIBLE PUBLIC OR MINISTERIAL CRITICISM. END FYI. HANNAH

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*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

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